

## MCLE ON THE WEB

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TEST # 48  
1 HOUR CREDIT  
LEGAL ETHICS

To earn one hour of MCLE credit, read the substantive material, then download the test, answer the questions and follow the directions to submit for credit.

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By ELLEN R. PECK  
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Jon Watson wailed on a telephone lifeline to his former law school classmate, California Joan: "During law school and all my 20 years as a government lawyer, I never dreamed I would need to know about client trust accounts. Now that I have set up a civil practice with my partner, Shirley Holmes, I am completely mystified."

"The good news, Jon, is that you have a client trust account (CTA)," replied Cali. "Unlike the old dog, you can learn new tricks and you are motivated to do it right. Let's see if we can demystify some of the most common CTA mysteries."

"The primary client trust account standard is rule 4-100, Rules of Professional Conduct (CRPC), which requires that all funds received or held for the benefit of clients, including advances for costs and expenses, must be deposited in a CTA. Cali, what does this mean?" asked Jon.

"Not so elementary, my dear Watson!" responded Cali. "Some types of funds must be deposited into a CTA; some funds may be deposited in a CTA at the discretion of the lawyer, and some funds can never be deposited in a CTA."

"Settlement checks or drafts are one example of the first category. They are required to be deposited in a client trust account," Cali said. "When I was in law school, in 1960, a lawyer was disciplined, in part, for depositing costs advances into his personal savings account," Cali cautioned.

Shirley Holmes joined in the conference call. "When the game is afoot and I need to pay out the costs immediately to file a legal action or obtain an injunction, it can be detrimental to the client to wait for the client's check to clear. If the funds will be paid out immediately, why should I wait?"



ÒLetÕs take an advance fee retainer first (i.e., a fee that is paid in advance for the performance of future legal services),Ó

ÒThatÕs keeping on the right path, Watson,Ó Holmes approved. ÒLetÕs save any other CTA mysteries for our next conversation with California Joan.Ó

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1. All funds received or held for the benefit of clients may be deposited into a client trust account or a business account.



